GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2067
ANSWERED ON:10.12.2015
Subsidised Air Fare
Antony Shri Anto ;Kothapalli Smt. Geetha;Singh Shri Hukum;Trivedi Shri Dinesh;Venugopal Dr. Ponnusamy

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government proposes to subsidise air fare for some routes; if so, the details thereof;

(b) the duration for which this subsidy is proposed to be kept in force;

(c) the likely burden of the said subsidy on the public exchequer and the manner including imposing of 2 % additional cess in which the Government proposes to meet/bear the said burden;

(d) whether the regional connectivity fund would be applicable on flights to metros, big cities and overseas; and

(e) if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a) Regional Connectivity is the higher priority of the Government and the Draft Civil Aviation Policy inter alia envisages a Regional Connectivity Scheme (RCS). RCS provides for Viability Gap Funding (VGF) to Airlines providing connectivity on selected routes falling under RCS.

(b) Draft Civil Aviation Policy envisages need based VGF under RCS. This Scheme itself is proposed to have a tenure of 10 years.

c) to (e) VGF will be shared between Ministry of Civil Aviation (MoCA) and State Governments in the ratio of 80:20. Share of the Government of India in VGF will be provided through the Regional Connectivity Fund (RCF). The RCF will be funded by a levy of 2% on all Domestic and
International Tickets on all routes other than Category IIA routes and RCS Routes.